

KLESTADT WINTERS JURELLER

SOUTHARD & STEVENS, LLP

200 West 41st St., 17th Floor

New York, NY 10036

Telephone: (212) 972-3000

Facsimile: (212) 972-2245

Sean C. Southard

Joseph C. Corneau

Lauren C. Kiss

*Proposed Counsel to the Debtor and Debtor in
Possession*

**UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF NEW YORK**

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In re : Chapter 11
: :
DOWLING COLLEGE, : Case No. 16-75545(REG)
: :
: :
Debtor. : :
-----X

**NOTICE OF FILING OF PROPOSED INTERIM BUDGET
FOR PERIOD ENDING JANUARY 13, 2017**

PLEASE TAKE NOTICE that on November 29, 2016, Dowling College (the “Debtor”) filed a petition for relief under Chapter 11 of Title 11, United States Code (the “Bankruptcy Code”) in the United States Bankruptcy Court for the Eastern District of New York (the “Bankruptcy Court”).

PLEASE TAKE FURTHER NOTICE that on November 29, 2016, the Debtor filed the Debtor’s Motion for Entry of Interim and Final Orders (I) Authorizing Debtor (A) to Obtain Post-Petition Secured, Superpriority Financing Pursuant to 11 U.S.C. §§ 105, 361, 362, 363, and 364 and (B) to Utilize Cash Collateral Pursuant to 11 U.S.C. § 363; (II) Granting Adequate Protection to Pre-Petition Secured Creditors Pursuant to 11 U.S.C. § 363; and Scheduling a Final Hearing Pursuant to Bankruptcy Rules 4001(b) and 4001(c) (the “DIP Financing Motion”) [DE 9].

PLEASE TAKE FURTHER NOTICE that an emergency hearing on the DIP Financing Motion is scheduled for December 2, 2016 at 10:00 a.m. (the “Emergency Hearing”). Following the Emergency Hearing, the Bankruptcy Court entered its Emergency Order (I) Authorizing Debtor to Obtain Postpetition Financing and Use Cash Collateral, (II) Granting Adequate Protection, (III) Scheduling an Interim Hearing, and (IV) Granting Certain Related Relief (the

“Emergency Order”) [DE 63] which, *inter alia*, scheduled an interim hearing (the “Interim Hearing”) on the DIP Financing Motion for December 15, 2016 at 10:00 a.m. (Eastern).

PLEASE TAKE FURTHER NOTICE that in advance of the Interim Hearing, the Debtor and the DIP Lenders (as defined in the DIP Financing Motion) have agreed to a budget for the seven (7) weeks ending January 13, 2017 (the “Interim Budget”).

PLEASE TAKE FURTHER NOTICE that a copy of the Interim Budget is annexed hereto as Exhibit A.

Dated: New York, New York
December 14, 2016

**KLESTADT WINTERS JURELLER
SOUTHARD & STEVENS, LLP**

By: /s/ Joseph C. Corneau

Sean C. Southard
Joseph C. Corneau
Lauren C. Kiss
200 West 41st Street, 17th Floor
New York, New York 10036
Telephone: (212) 972-3000
Facsimile: (212) 972-2245

*Proposed Counsel for the Debtor and
Debtor in Possession*

Exhibit A

DOWLING COLLEGE

CHAPTER 11 CASH FLOW FORECAST - BY BOND SERIES FOR THE 7-WEEK PERIOD ENDING JANUARY 13, 2017

USD

DOWLING COLLEGE
 CHAPTER 11 CASH FLOW FORECAST - BY BOND SERIES
 FOR THE 7-WEEK PERIOD ENDING JANUARY 13, 2017
 USD

	Week #:	1	2	3	Weeks 1-3	4	5	6	7	Weeks 4-7	Weeks 1-7
	Period Ending Friday:	12/2/2016	12/9/2016	12/16/2016	Subtotal	12/23/2016	12/30/2016	1/6/2017	1/13/2017	Subtotal	Total
Brookhaven Site Planning		-	2,000	-	2,000	-	-	-	-	-	2,000
DIP Interest and Fees		256	-	-	256	6,409	-	-	-	6,409	6,665
Other		453	606	304	1,363	453	304	304	304	1,366	2,729
Total Series 2002 Bonds / Term Loan B		13,025	18,785	5,363	37,172	13,895	7,676	18,163	4,863	44,597	81,769
Series 2015 Bonds / Term Loan C											
Gross Wages/Salaries (incl. employer taxes)		-	-	-	-	-	-	-	-	-	-
General Insurance		17,962	-	-	17,962	-	-	-	-	-	17,962
Utilities		150	6,360	150	6,660	150	150	150	150	600	7,260
Security Personnel		-	-	-	-	-	-	-	-	-	-
Property Management		-	-	-	-	-	-	-	-	-	-
Other Outside Services		55	-	-	55	-	-	-	-	-	55
Facility Maintenance		-	500	-	500	500	-	500	-	1,000	1,500
Real Estate Taxes		-	-	-	-	-	87,181	-	-	87,181	87,181
Landscaping / Snow Removal		1,398	-	-	1,398	1,398	-	-	-	1,398	2,795
Sales Broker - Marketing		-	-	-	-	-	-	-	-	-	-
Brookhaven Site Planning		-	-	-	-	-	-	-	-	-	-
DIP Interest and Fees		196	-	-	196	4,912	-	-	-	4,912	5,108
Other		563	563	563	1,688	563	563	563	563	2,250	3,938
Total Series 2015 Bonds / Term Loan C		20,324	7,423	713	28,459	7,522	87,893	1,213	713	97,340	125,799
Total Cash Disbursements		226,617	161,778	124,192	512,586	269,599	260,885	144,757	126,419	801,659	1,314,246

DIP TRANCHE SUMMARY

DIP FUNDING - WEEKLY

Term Loan A / Series 2006 Bonds	126,293	130,121	62,459	318,872	165,444	55,090	61,573	49,186	331,293	650,165
Term Loan B / Series 2002 Bonds	13,025	18,785	5,363	37,172	13,895	7,676	18,163	4,863	44,597	81,769
Term Loan C / Series 2015 Bonds	20,324	7,423	713	28,459	7,522	87,893	1,213	713	97,340	125,799
Term Loan D / Administrative Overhead:				-					-	-
Series 2006 Bonds (68.0%)	45,543	3,706	37,847	87,096	56,262	74,954	43,390	48,727	223,332	310,429
Series 2002 Bonds (18.2%)	12,190	992	10,130	23,311	15,058	20,061	11,613	13,042	59,774	83,085
Series 2015 Bonds (13.8%)	9,243	752	7,681	17,675	11,418	15,211	8,806	9,889	45,323	62,999
Subtotal - Term Loan D	66,975	5,450	55,658	128,083	82,738	110,226	63,808	71,658	328,430	456,513
Total DIP Funding - Weekly	226,617	161,778	124,192	512,586	269,599	260,885	144,757	126,419	801,659	1,314,246

DIP FUNDING - CUMULATIVE

Term Loan A / Series 2006 Bonds	126,293	256,414	318,872	318,872	484,317	539,406	600,979	650,165	650,165	650,165
Term Loan B / Series 2002 Bonds	13,025	31,809	37,172	37,172	51,067	58,743	76,906	81,769	81,769	81,769
Term Loan C / Series 2015 Bonds	20,324	27,746	28,459	28,459	35,981	123,874	125,086	125,799	125,799	125,799
Term Loan D / Administrative Overhead:				-				-	-	-
Series 2006 Bonds (68.0%)	45,543	49,249	87,096	87,096	143,358	218,312	261,702	310,429	310,429	310,429
Series 2002 Bonds (18.2%)	12,190	13,181	23,311	23,311	38,369	58,431	70,044	83,085	83,085	83,085
Series 2015 Bonds (13.8%)	9,243	9,995	17,675	17,675	29,093	44,304	53,110	62,999	62,999	62,999
Subtotal - Term Loan D	66,975	72,425	128,083	128,083	210,821	321,047	384,855	456,513	456,513	456,513
Total DIP Funding - Cumulative	226,617	388,394	512,586	512,586	782,185	1,043,070	1,187,827	1,314,246	1,314,246	1,314,246

INCURRED/UNPAID PROFESSIONAL FEES

Term Loan D / Administrative Overhead:	10,710	21,420	33,830	33,830	46,240	61,030	69,020	82,960	82,960	82,960
Series 2006 Bonds (68.0%)	2,867	5,733	9,055	9,055	12,376	16,335	18,473	22,204	22,204	22,204
Series 2002 Bonds (18.2%)	2,174	4,347	6,866	6,866	9,384	12,386	14,007	16,836	16,836	16,836

DOWLING COLLEGE
 CHAPTER 11 CASH FLOW FORECAST - BY BOND SERIES
 FOR THE 7-WEEK PERIOD ENDING JANUARY 13, 2017
 USD

Week #:	1	2	3	Weeks 1-3	4	5	6	7	Weeks 4-7	Weeks 1-7
Period Ending Friday:	12/2/2016	12/9/2016	12/16/2016	Subtotal	12/23/2016	12/30/2016	1/6/2017	1/13/2017	Subtotal	Total
Total Incurred/Unpaid Professional Fees	15,750	31,500	49,750	49,750	68,000	89,750	101,500	122,000	122,000	122,000
TOTAL DIP COMMITMENT - CUMULATIVE										
Term Loan A / Series 2006 Bonds	126,293	256,414	318,872	318,872	484,317	539,406	600,979	650,165	650,165	650,165
Term Loan B / Series 2002 Bonds	13,025	31,809	37,172	37,172	51,067	58,743	76,906	81,769	81,769	81,769
Term Loan C / Series 2015 Bonds	20,324	27,746	28,459	28,459	35,981	123,874	125,086	125,799	125,799	125,799
Term Loan D / Administrative Overhead:				-				-	-	-
Series 2006 Bonds (68.0%)	56,253	70,669	120,926	120,926	189,598	279,342	330,722	393,389	393,389	393,389
Series 2002 Bonds (18.2%)	15,056	18,914	32,366	32,366	50,745	74,765	88,517	105,289	105,289	105,289
Series 2015 Bonds (13.8%)	11,416	14,342	24,541	24,541	38,477	56,690	67,117	79,835	79,835	79,835
Subtotal - Term Loan D	82,725	103,925	177,833	177,833	278,821	410,797	486,355	578,513	578,513	578,513
Total DIP Commitment - Cumulative	242,367	419,894	562,336	562,336	850,185	1,132,820	1,289,327	1,436,246	1,436,246	1,436,246
MEMO: TOTAL DIP COMMITMENT - CUMULATIVE										
Series 2006 Bonds	182,546	327,083	439,799	439,799	673,915	818,748	931,701	1,043,554	1,043,554	1,043,554
Series 2002 Bonds	28,081	50,724	69,538	69,538	101,813	133,508	165,423	187,058	187,058	187,058
Series 2015 Bonds	31,740	42,088	53,000	53,000	74,458	180,564	192,203	205,634	205,634	205,634
Total DIP Commitment - Cumulative	242,367	419,894	562,336	562,336	850,185	1,132,820	1,289,327	1,436,246	1,436,246	1,436,246

NOTES:

(1) The college is assumed to operate in bankruptcy on a zero cash basis with all required disbursements funded under the DIP loan facility. Any proceeds from the use or sale of collateral or any other miscellaneous cash inflows are assumed to be swept by the lenders to repay DIP borrowings or secured debt and are not reflected in the budget. If it is ultimately determined that the Debtor's cash of approximately \$222,000 is deemed unrestricted, such funds will be utilized to fund budgeted disbursements prior to the use of DIP financing funds and will reduce the applicable DIP commitments on a dollar-for-dollar basis.

(2) Refer to the Professional Fees supporting schedule attached for detail of professional fees expected to be incurred during the interim period. The schedule indicates the amounts projected to be charged against existing retainers, the amounts to be paid in cash and the amounts incurred and projected to be unpaid at the end of the interim period due to timing of disbursements, filing of fee applications and required holdback amounts.

DOWLING COLLEGE

CHAPTER 11 CASH FLOW FORECAST - PROFESSIONAL FEES DETAIL

FOR THE 7-WEEK PERIOD ENDING JANUARY 13, 2017

USD

	Week #:	1	2	3	4	5	6	7	Weeks 1-7
	Period Ending Friday:	12/2/2016	12/9/2016	12/16/2016	12/23/2016	12/30/2016	1/6/2017	1/13/2017	Total
Professional Fees Incurred									
Klestadt	\$ 22,500	\$ 22,500	\$ 22,500	\$ 22,500	\$ 21,250	\$ 21,250	\$ 21,250	\$ 21,250	\$ 153,750
Ingerman Smith, L.L.P.	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	35,000
Special Counsel - ERISA - TBD	-	-	2,500	2,500	2,500	2,500	2,500	1,250	11,250
RSR Consulting, LLC	35,000	35,000	35,000	35,000	35,000	15,000	20,000		210,000
Chapter 11 Creditors Committee	6,250	6,250	6,250	6,250	6,250	6,250	6,250		43,750
Total Professional Fees Incurred	\$ 68,750	\$ 68,750	\$ 71,250	\$ 71,250	\$ 70,000	\$ 50,000	\$ 53,750		\$ 453,750
Professional Fees Cash Disbursements									
Klestadt	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Ingerman Smith, L.L.P.	-	-	-	-	-	-	-	-	-
Special Counsel - ERISA - TBD	-	-	-	-	-	-	10,000	-	10,000
RSR Consulting, LLC	-	-	5,000	35,000	35,000	15,000	20,000		110,000
Chapter 11 Creditors Committee	-	-	-	-	-	-	-	-	-
Total Professional Fees Cash Disbursements	\$ -	\$ -	\$ 5,000	\$ 35,000	\$ 35,000	\$ 25,000	\$ 20,000		\$ 120,000
Professional Fees Retainers Applied									
Klestadt	\$ 18,000	\$ 18,000	\$ 18,000	\$ 18,000	\$ 13,250	\$ 13,250	\$ 13,250	\$ 13,250	\$ 111,750
Ingerman Smith, L.L.P.	-	-	-	-	-	-	-	-	-
Special Counsel - ERISA - TBD	-	-	-	-	-	-	-	-	-
RSR Consulting, LLC	35,000	35,000	30,000	-	-	-	-	-	100,000
Chapter 11 Creditors Committee	-	-	-	-	-	-	-	-	-
Total Professional Fees Cash Disbursements	\$ 53,000	\$ 53,000	\$ 48,000	\$ 18,000	\$ 13,250	\$ 13,250	\$ 13,250		\$ 211,750
Professional Fees Incurred Not Paid Balance									
Klestadt	\$ 4,500	\$ 9,000	\$ 13,500	\$ 18,000	\$ 26,000	\$ 34,000	\$ 42,000	\$ 42,000	\$ 42,000
Ingerman Smith, L.L.P.	5,000	10,000	15,000	20,000	25,000	30,000	35,000	35,000	35,000
Special Counsel - ERISA - TBD	-	-	2,500	5,000	7,500	-	1,250	1,250	1,250
RSR Consulting, LLC	-	-	-	-	-	-	-	-	-
Chapter 11 Creditors Committee	6,250	12,500	18,750	25,000	31,250	37,500	43,750	43,750	43,750
Total Professional Fees Incurred Not Paid Balance	\$ 15,750	\$ 31,500	\$ 49,750	\$ 68,000	\$ 89,750	\$ 101,500	\$ 122,000		\$ 122,000